

# Financial Markets Daily

March 5, 2021

## Main drivers for the financial markets today...

- **Stock markets lower, with the USD gaining and government bond yields to the downside (while S&P500 futures show small changes), as investors digest Jerome Powell's comments yesterday and wait for both the US job reports today and the potential approval of the fiscal stimulus package in the US this weekend**
- **China's government established a growth target "above 6%" for this year, below market expectations that see an advance higher than 8%. The focus will be on reining in debt levels and reducing the country's technological dependence to the US, without significant stimulus as the pandemic has been controlled domestically**
- **UK regulators have established an end-date for LIBOR rates, which is a global benchmark for financial contracts. Most quotes will be terminated by the end of the year, with only some USD-denominated rates extended for 18 more months**
- **Germany's factory orders grew 1.4% m/m in January, above expectations despite more strict lockdowns. The main support came from external demand, with domestic orders declining**
- **BoJ Governor Haruhiko Kuroda ruled out a wider trading range for the 10-year yield around its target, currently at 0%. This was a dovish surprise ahead of the strategy review to be released later this month**
- **In Mexico, investment and consumption stood at -11.5% and -5.3% y/y in December, respectively. With these figures, investment plunged 18.2% in full-year 2020, while consumption contracted by 11.0%**

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Mexico</i>					
7:00	Gross fixed investment - Dec	% y/y	-11.3	-10.8	-12.1
7:00	Gross fixed investment* - Dec	% m/m	-1.8	--	2.3
7:00	Private consumption - Dec	% y/y	--	--	-7.1
7:00	Private consumption* - Dec	% m/m	--	--	3.0
15:30	Survey of expectations (Citibanamex)				
<i>Brazil</i>					
7:00	Industrial production - Jan	% y/y	--	3.7	8.2
7:00	Industrial production* - Jan	% m/m	--	0.1	0.9
<i>United States</i>					
8:30	Nonfarm payrolls* - Feb	thousands	150	150	49
8:30	Unemployment Rate* - Feb	%	6.3	6.4	6.3
8:30	Trade balance* - Jan	US\$bn	--	-67.5	-66.6
15:00	Consumer credit - Jan	US\$bn	--	12.0	9.7

Source: Bloomberg and Banorte. (P) preliminary data; (R) revised data; (F) final data; \* Seasonally adjusted, \*\* Seasonally adjusted annualized rate.

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## A glimpse to the main financial assets

	Last	Daily chg.
<i>Equity indices</i>		
S&P 500 Futures	3,767.00	0.0%
Euro Stoxx 50	3,689.19	-0.4%
Nikkei 225	28,864.32	-0.2%
Shanghai Composite	3,501.99	0.0%
<i>Currencies</i>		
USD/MXN	21.22	0.4%
EUR/USD	1.19	-0.2%
DX	91.92	0.3%
<i>Commodities</i>		
WTI	65.40	2.5%
Brent	68.51	2.7%
Gold	1,697.33	0.0%
Copper	407.70	2.2%
<i>Sovereign bonds</i>		
10-year Treasury	1.56	-1pb

Source: Bloomberg

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## Equities

- The week concludes with negative bias in stock indices, as investors continue assimilating dovish comments from Jerome Powell
- Though, futures in the US anticipate a marginal positive opening, with the S&P500 trading with few changes, recovering from yesterday's sell-off, and awaiting employment data
- In Asia the session concluded negative, following its peers' trend, while Europe trades mixed, though bias is also negative, with energy stocks rise mitigating the drops
- In Mexico, Asur and Gap released its February's passengers traffic posting drops of 49.2% & 52.7%, respectively, being worse than expected, affected by international traffic, which we think will not be welcomed by the market

## Sovereign fixed income, currencies and commodities

- Mixed balance in global rates with European bonds adjusting +1bps, while US Treasuries print gains of 2bps in the longest-end of the yield curve. In Mexico, the Mbonos' curve closed yesterday with a 10bps sell-off, on average, with the 10-year benchmark adjusting +14bps to 6.24%
- USD trades positive (BBDXY +0.3%) against most of the G10 currencies with NZD as the weakest (-0.8%). In EM, bias is mixed with TRY leading gains (+0.4%), while MXN trades very close to its 100-day MA at 21.23 per dollar (-0.5%), scoring three negative sessions in a row
- Crude-oil prints gains after a strong rally yesterday due to the unexpected OPEC+ decision to left unchanged its production strategy with a supply withdrawal at 8.05 Mbb/d for April. In metals, gold trades unchanged at 1,697 US\$/oz t and industrials register a positive balance with gains of 1.0%

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	30,924.14	-1.1%
S&P 500	3,768.47	-1.3%
Nasdaq	12,723.47	-2.1%
IPC	46,004.19	-0.8%
Ibovespa	112,690.20	1.4%
Euro Stoxx 50	3,704.85	-0.2%
FTSE 100	6,650.88	-0.4%
CAC 40	5,830.65	0.0%
DAX	14,056.34	-0.2%
Nikkei 225	28,930.11	-2.1%
Hang Seng	29,236.79	-2.2%
Shanghai Composite	3,503.49	-2.1%
<i>Sovereign bonds</i>		
2-year Treasuries	0.14	0pb
10-year Treasuries	1.56	8pb
28-day Cetes	4.06	0pb
28-day TIIIE	4.28	0pb
2-year Mbono	4.35	7pb
10-year Mbono	6.26	14pb
<i>Currencies</i>		
USD/MXN	21.13	0.9%
EUR/USD	1.20	-0.8%
GBP/USD	1.39	-0.4%
DX-Y	91.63	0.8%
<i>Commodities</i>		
WTI	63.83	4.2%
Brent	66.74	4.2%
Mexican mix	61.74	4.2%
Gold	1,697.52	-0.8%
Copper	397.85	-3.9%

Source: Bloomberg

## Corporate Debt

- PEMEX concluded negotiations with Braskem-Idesa, reaching agreements on the volume, price and penalty for breach on the Ethane Gas Supply Contract
- Regarding volume, PEMEX committed to a mandatory supply of 30 thousand barrels per day for 3 years, and from 2024 it will have no obligation to supply said product. With the foregoing, the mandatory supply of 66 thousand barrels per day for 20 years is suspended and extensions for an additional 15 years with an obligation to supply
- Fitch Ratings affirmed CIBanco and its affiliates in 'A (mex)'; Removed Creditwatch Negative and assigned a Stable outlook because of its opinion that the impacts from the cyberattack event in August 2020 were not significant

## Certification of Analysts.

We, Gabriel Casillas Olvera, Alejandro Padilla Santana, Delia María Paredes Mier, Juan Carlos Alderete Macal, Manuel Jiménez Zaldívar, Marissa Garza Ostos, Francisco José Flores Serrano, Katia Celina Goya Ostos, Santiago Leal Singer, José Itzamna Espitia Hernández, Valentín III Mendoza Balderas, Víctor Hugo Cortes Castro, Hugo Armando Gómez Solís, Miguel Alejandro Calvo Domínguez, Luis Leopoldo López Salinas, Leslie Thalía Orozco Vélez, Gerardo Daniel Valle Trujillo, Juan Barbier Arizmendi, and Eridani Ruibal Ortega, certify that the points of view expressed in this document are a faithful reflection of our personal opinion on the company (s) or firm (s) within this report, along with its affiliates and/or securities issued. Moreover, we also state that we have not received, nor receive, or will receive compensation other than that of Grupo Financiero Banorte S.A.B. of C.V. for the provision of our services.

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	Reference
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<b>HOLD</b>	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
<b>SELL</b>	<i>When the share expected performance is lower than the MEXBOL estimated performance.</i>

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